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No. 15-446

IN THE

Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,
Petitioner,

v.

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF APPLE, INC., AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
INTEREST OF *AMICUS CURIAE*	1
BACKGROUND	4
SUMMARY OF ARGUMENT	7
ARGUMENT	10
I. THE STATUTE BARS ALL JUDICIAL REVIEW OF DECISIONS TO INSTITUTE *INTER PARTES* REVIEW PROCEEDINGS	10
A. Section 314(d) Does Not Simply Bar Interlocutory Review Of Institution Decisions	11
B. Section 314(d)'s Bar Is Not Limited To Board Decisions That Find A Reasonable Likelihood That A Challenged Claim Is Unpatentable	14
II. BARRING JUDICIAL REVIEW OF ALL INSTITUTION DECISIONS DOES NOT CAUSE UNTOWARD RESULTS AND INSTEAD FOSTERS THE PURPOSES OF *INTER PARTES* REVIEW	15
A. Barring Review Of Institution Decisions Does Not Allow The Board To Exceed The Limits Of Its Authority With Impunity	16
B. Construing Section 314(d) To Bar Only Interlocutory Review Of Institution Decisions Would Frustrate Congress's Purposes And Be Unfair To Petitioners	20
CONCLUSION	23

TABLE OF AUTHORITIES

CASES Page

Achates Reference Publ'g, Inc. v. *Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015), *cert. dismissed*, 136 S. Ct. 998 (2016) ..... *passim*
Block v. *Cmty. Nutrition Inst.*, 467 U.S. 340 (1984) 10
City of Arlington v. *FCC*, 133 S. Ct. 1863 (2013) 16
EPA v. *EME Homer City Generation, LP*, 134 S. Ct. 1584 (2014) 17, 18
Leedom v. *NLRB*, 358 U.S. 184 (1958) 16
Lindahl v. *OPM*, 470 U.S. 768 (1985) 13
In re NTP, Inc., 654 F.3d 1268 (Fed. Cir. 2011) 12
Precision Instrument Mfg. Co. v. *Auto. Maint. Mach. Co.*, 324 U.S. 806 (1945) 5
Sebelius v. *Auburn Reg'l Med. Ctr.*, 133 S. Ct. 817 (2013) 17, 18
SightSound Techs., LLC v. *Apple Inc.*, 809 F.3d 1307 (Fed. Cir. 2015) 3, 19, 21
State ex rel. Baumruk v. *Belt*, 964 S.W.2d 443 (Mo. 1998) 12
Versata Dev. Corp. v. *Rae*, 959 F. Supp. 2d 912 (E.D. Va. 2013), *aff'd*, 793 F.3d 1352 (Fed. Cir. 2015) 13
Versata Dev. Grp., Inc. v. *SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015) 19

STATUTES AND REGULATIONS

Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) 2
35 U.S.C. § 2(a)(1) 4
§ 141(c) 13

TABLE OF AUTHORITIES—continued

	Page
35 U.S.C. § 282	5
§§ 301-307	5
§ 303	12
§ 304	12
§ 311	6
§ 312	6, 17, 18, 22
§ 313	6, 14
§ 314	*passim*
§ 315	6, 14
§ 316	7, 19
§ 317(a)	7, 10, 23
§ 318	7, 10, 13
§ 319	7, 10, 13
§ 322(a)(3)	22
42 U.S.C. § 7607(d)(7)B	17
37 C.F.R. § 42.4	6
§ 42.20	19
§ 42.100	7
§ 42.104(b)(5)	18, 22
§ 42.108	6
77 Fed. Reg. 48756 (Aug. 14, 2012)	6, 14

LEGISLATIVE HISTORY

H.R. Rep. No. 112-98, pt. 1 (2011)	5, 22
157 Cong. Rec. S130 (daily ed. Jan. 25, 2011)	5, 22
157 Cong Rec. S1053 (daily ed. Mar. 1, 2011)	5
157 Cong. Rec. H4420 (daily ed. June 22, 2011)	5

TABLE OF AUTHORITIES—continued

OTHER AUTHORITIES

Page

USPTO, *Fiscal Year 2017 Congressional Justification* (Feb. 9, 2016), http://www.uspto.gov/sites/default/files/documents/fy17pbr.pdf 23

USPTO, *Patent Trial and Appeal Board Statistics* (Feb. 29, 2016), http://www.uspto.gov/sites/default/files/documents/2016-2-29%20PTAB.pdf 2, 3

Webster's Unabridged Dictionary (2d ed. 2001) 12

INTEREST OF *AMICUS CURIAE*[1]

Amicus curiae Apple Inc. (Apple) is widely considered to be the country's leading innovator in its field. Since 1976, Apple has designed, developed, and sold cutting-edge consumer electronics, including mobile communication devices, media players, personal computers, and related software and services. Apple products such as the iPhone and the iPad have revolutionized the portable consumer electronics industry. Of course, developing and designing these produces has required substantial research, time, and energy. Apple has protected that work with thousands of U.S. patents.

Apple has a strong interest in the U.S. patent system and the balance that it strives to strike between promoting innovation and fostering competition. Apple's success sometimes leads it to the courtroom to litigate patent disputes. Apple has seen these disputes as both a plaintiff and a defendant. In recent years it has been one of the most frequently named defendants in patent suits brought by non-practicing entities nationwide. Several of these suits involve patents of dubious quality. But, Apple has nonetheless been forced to bear interruption of its business activities, and invest significant time and resources defending cases involving patents that should never have been issued.

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[1] Apple Inc. and its counsel represent that no counsel for any party authored this brief, in whole or in part, and no person other than Apple and its counsel made a monetary contribution to the preparation or submission of this brief. Petitioner's blanket consent to the filing of *amicus curiae* briefs in support of either party or neither party is on file with the Clerk of the Court, and respondent provided written consent to the filing of this brief in a letter submitted herewith.

As a result of such suits, Apple has turned to the procedures established by the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011), including *inter partes* review (IPR) and covered business method review (CBM), to challenge patents issued by the Patent and Trademark Office (PTO). These procedures are designed to weed out exactly the type of questionable patents asserted in these suits. Given the volume of suits brought against it, Apple is among the most frequent petitioners before the Patent Trial and Appeal Board (Board), and its experiences demonstrate that the procedures are fulfilling Congress's goals.

Apple has received final decisions by the Board in 25 IPR and CBM proceedings, and 21 of those proceedings involved a patent that had been asserted against Apple in district court litigation. In 19 of those 21 proceedings, the lawsuits were stayed pending the outcome of the proceedings before the Board.[2] The final decisions in 20 of the 21 cases canceled some or all of the challenged claims. These proceedings thus resulted in substantial savings for the parties, and reduced burdens on the courts.

More broadly, AIA proceedings have improved the quality of patents. The PTO's most recent statistics on all AIA proceedings show that the Board is cancelling the weakest claims. Just under 50% of its institution decisions (1,514 out of 3,040) granted institution. See USPTO, *Patent Trial and Appeal Board Statistics* 9-11 (Feb. 29, 2016), http://www.uspto.gov/sites/default/files/documents/2016-2-29%20PTAB.pdf. The Board has issued final decisions in 920 of the proceedings it has instituted, finding all

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[2] Because most district court cases involve multiple asserted patents, these 19 proceedings correspond to 8 different lawsuits.

challenged claims unpatentable in 675 cases (73%), some challenged claims unpatentable in 133 cases (14%), and none of the challenged claims unpatentable in 112 cases (13%). *Id.*

Allowing appeals of institution decisions after the Board issues final decisions on patentability undermines the purposes of the IPR scheme. Here again, Apple's own experiences are instructive. It has been a party to appeals involving final decisions issued in both IPR proceedings, see *Achates Reference Publishing, Inc.* v. *Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015), *cert. dismissed*, 136 S. Ct. 998 (2016), and CBM proceedings, see *SightSound Techs., LLC* v. *Apple Inc.*, 809 F.3d 1307 (Fed. Cir. 2015). In both cases, patent owners sought to undo the Board's conclusions that their patent claims were unpatentable based predominantly—and in one case, exclusively—on procedural objections to the institution decisions.

Indeed, cases such as these vividly illustrate the dangers of allowing such objections to serve as the basis for collateral challenges to Board patentability decisions. In *Achates*, the patentee sought to overturn the Board's substantive ruling—and thereby retain the right to enforce its patent claims against Apple and others—even though it raised *no challenge whatever* to the Board's determination that those very claims were unpatentable. Moreover, its procedural objection demonstrates the gamesmanship that can underlie such collateral attacks. Under the IPR statute, a petition can be rejected as untimely if it is filed more than a year after a complaint alleging infringement of the patent is served on the petitioner or an entity in privity with the petitioner. In *Achates*, the patent owner sued several entities for infringement, waited a year to sue Apple, then

claimed that Apple was time-barred from filing a petition because Apple was in privity with the earlier-sued defendants. The Board properly rejected that gambit for various reasons at the institution stage. Had the Federal Circuit revisited the issue on appeal and tossed out the Board's final decision on that basis, it would have rewarded the patentee for procedural gamesmanship.[3]

Not all of Apple's IPR petitions have met with success. Over the last four years, the Board has denied institution of several petitions on grounds Apple viewed as erroneous. Nevertheless it supports respondent on the second question presented because Apple recognizes that the bar on judicial review of institution decisions is a key feature of the statute that ensures that proceedings under the AIA serve as quick, efficient and cost-effective alternatives to district court litigation. Apple therefore urges this Court to affirm that 35 U.S.C. § 314(d) bars appeals from all institution decisions, whether the decision grants or denies institution, and whether the appeal is taken immediately after the institution decision or after a final written decision. An interpretation of this provision that would preclude only interlocutory review of decisions to institute proceedings is inconsistent with the statutory language, legislative history, and purposes of the IPR scheme.

BACKGROUND

The PTO is "responsible for ... granting and issuing ... patents." 35 U.S.C. § 2(a)(1). This is an extraordinary governmental responsibility. Because "a patent is an exception to the general rule against monopolies and to the right to access to a free and

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[3] The *Achates* case is now closed.

open market," the public has "a paramount interest in seeing that patent monopolies ... are kept within their legitimate scope." *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945).

This public interest can be vindicated by judicial invalidation of patents based on clear and convincing evidence sufficient to overcome the presumption of validity. 35 U.S.C. § 282. But Congress has also long empowered the PTO to protect the public from invalid patent monopolies. One mechanism for doing so is the reexamination process. *Id.* §§ 301-307. More recently, Congress adopted the AIA review proceedings to provide "a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court." H.R. Rep. No. 112-98, pt. 1, at 45, 48 (2011).

The purpose of these proceedings is to create a fast and efficient system that gives the PTO the tools necessary to weed out "low quality and dubious" patents and "separate the inventive wheat from the chaff." 157 Cong. Rec. S130, S131 (daily ed. Jan. 25, 2011) (Statement of Sen. Leahy). IPR serves the same purpose as post-grant review proceedings, which allow companies "to go back to the PTO and demonstrate ... that the patent *shouldn't have been issued in the first place.* That way *bad patents can be knocked out in an efficient administrative proceeding*, avoiding costly litigation." 157 Cong Rec. S1053, S1053 (daily ed. Mar. 1, 2011) (Statement of Sen. Schumer) (emphases added); see also 157 Cong. Rec. H4420, H4425-26 (daily ed. June 22, 2011) (Statement of Rep. Goodlatte); H.R. Rep. No. 112-98, pt. 1, at 47, 163-64. Thus, IPR proceedings enable an efficient means of obtaining a substantive determination by the PTO itself as to whether particular patent claims should have issued.

Section 311 of the Patent Act permits IPR by any party "who is not the owner of" a patent to seek invalidation of one or more of the patent's claims as obvious or anticipated "on the basis of prior art consisting of patents or printed publications." 35 U.S.C. § 311(a)-(b). Section 312 sets forth the requirements of the petition, including the requirement that the petition identify, "in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." *Id.* § 312(a)(3).

Under § 313, the patent owner can file a preliminary response to the petition setting forth "reasons why no [IPR] should be instituted based upon the failure of the petition to meet any requirement of this *chapter*." *Id.* § 313 (emphasis added). A preliminary response can therefore include arguments that IPR should not be instituted because the petitioner previously "filed a civil action challenging the validity of a claim of the patent," or because the petitioner was served more than a year earlier with a complaint alleging infringement of the patent. *Id.* § 315(a), (b). PTO guidance states that such election-of-remedies and timeliness bars under § 315(a) and § 315(b) can be raised in the patent owner's preliminary response. See 77 Fed. Reg. 48756, 48764 (Aug. 14, 2012) (response can assert that the petitioner "is statutorily barred from pursuing a review").

Under § 314, the Board, acting under a delegation of authority from the director of the PTO,[4] makes the threshold determination whether IPR should be instituted. To do so, the Board must determine "that

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[4] *See* 37 C.F.R. § 42.108; *see also id.* § 42.4.

the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. § 314(a). "The determination ... whether to institute an [IPR] under this section shall be final and nonappealable." *Id.* § 314(d).

If the Board decides to institute IPR, it conducts robust proceedings in which parties depose experts, submit briefs on the patentability dispute, and participate at an oral hearing before a three-judge panel of the Board. See *id.* § 316; see also 37 C.F.R. § 42.100. At the conclusion of this process, the Board must "issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner." 35 U.S.C. § 318(a). Although the process is initiated by petitions submitted by particular parties, Congress sought to ensure that commerce and innovation are not impeded by invalid monopolies by authorizing the PTO to issue a final decision on the patentability of patent claims even if the parties to an IPR have settled. Specifically, the statute provides that, if the Board "has decided the merits of the proceeding before" settling parties request termination of those proceedings, the Board "may ... proceed to a final written decision under section 318(a)." *Id.* § 317(a). Finally, a party "dissatisfied with the final written decision ... may appeal" that decision. *Id.* § 319.

SUMMARY OF ARGUMENT

The language and structure of the IPR statute, as well as related provisions in the reexamination statute, demonstrate that § 314(d) bars all judicial review—not just interlocutory review—of institution

decisions. In fact, § 314(d) is unnecessary for the latter purpose, as institution decisions are unreviewable non-final agency actions. Limiting § 314(d) to such a purpose, moreover, fails to take account of the different language Congress used in the reexamination statute, which uses the same phrase—"final and nonappealable"—but applies it only to decisions *not* to commence proceedings.

Nor is § 314(d)'s bar limited to the Board's decision that the petitioner has shown a "reasonable likelihood" that at least one claim of the challenged patent is invalid. Other provisions of the IPR statute, as well as the PTO's implementing regulations, make clear that, in deciding whether to institute under § 314(a), the Board must consider any objections that the patent owner raises based on the requirements of the IPR statute. Thus, the bar on review of decisions "whether to institute [IPR] under this section," *id.* § 314(d), necessarily encompasses decisions with respect to all relevant objections.

This statutory evidence more than suffices to overcome the presumption of judicial review, and thereby to limit review under § 319 to the Board's substantive patentability determinations. Moreover, this limitation on judicial review does not allow the Board to engage in unreviewable *ultra vires* actions. The requirements for IPR petitions at issue in this case are not jurisdictional limits on the authority of the Board itself. They are instead claims-processing rules that speak to petitioners' procedural obligations, not the Board's power to rule on patentability. A contrary understanding would lead to the untenable conclusion that the Board lacks the power to declare patent claims unpatentable simply because a petitioner fails to comply with ministerial duties such as providing the patent owner with copies

of documents cited in the petition, or properly numbering the exhibits to the petition. Moreover, robust post-institution proceedings ensure that patentees can address the bases on which the claims of their patents are challenged.

On the other hand, limiting § 314(d)'s bar to interlocutory review of institution decisions would create an unfair scheme of asymmetrical judicial review. If a petition is denied on the basis of a procedural requirement, the petitioner would have no right to judicial review. But where the Board institutes review over such an objection, the patentee could revisit the Board's procedural ruling on appeal of the final written decision, and could have a patentability determination erased on procedural grounds, even if the patentee identifies no error in the Board's substantive ruling. Nothing in the language, history or purpose of the statute justifies this asymmetric treatment.

Finally, if § 314(d) is read to bar only interlocutory review of institution decisions, it would thwart Congress's goals of providing an efficient and cost-effective method of ensuring patent quality. Under such an interpretation, patentees could eliminate Board determinations of unpatentability on appeal, even where they do not dispute the correctness of those determinations at all. Such a scheme would result in significant wastes of agency and private resources, and deprive the public of final (and in some cases unchallenged) patentability rulings—even though the Board could reach the same result in a different case instituted at the behest of a different petitioner. Congress plainly did not intend mere procedural errors by a particular petitioner to result in such untoward consequences. In fact, Congress

authorized the Board to render patentability decisions even when a petitioner settles. *Id.* § 317(a).

ARGUMENT

I. THE STATUTE BARS ALL JUDICIAL REVIEW OF DECISIONS TO INSTITUTE *INTER PARTES* REVIEW PROCEEDINGS.

Like other provisions precluding judicial review of certain decisions, § 314(d) must be construed in light of the presumption in favor of judicial review. But that presumption does not govern where Congress's "intent to preclude judicial review is 'fairly discernible' in the detail of the legislative scheme." *Block* v. *Cmty. Nutrition Inst.*, 467 U.S. 340, 351 (1984). Here, the language, structure and purpose of the AIA demonstrate that Congress intended to permit judicial review only of the Board's substantive patentability determinations, not the Board's decisions to institute, or not to institute, IPR.

As the Federal Circuit has observed, an IPR proceeds in two stages—*i.e.*, a threshold institution stage, and a merits stage. *Achates*, 803 F.3d at 655. Significantly, Congress enacted different judicial review provisions for each stage. Section 314(d) applies to the first, and flatly bars review of *all* decisions made at the institution stage, by providing that "[t]he determination by the [Board] whether to institute an [IPR] under this section *shall be final and nonappealable*." 35 U.S.C. § 314(d) (emphasis added). By contrast, § 319, which applies to the merits stage, provides a right to appeal "the final written decision of the [Board] under section 318(a)," *id.* § 319. And final written decisions must address the merits of the dispute, *i.e.*, "the patentability of any patent claim challenged by the petitioner." *Id.* § 318(a).

These separate review provisions, tracking the distinct determinations the Board makes in each distinct stage of an IPR, make clear that Congress authorized judicial review only of "a final written decision," and foreclosed review of decisions whether to institute IPR. This focused form of judicial review is entirely consistent with the goals of the IPR process. It ensures that IPR is an expeditious and cost-effective alternative to litigating patent validity in courts, and it focuses resources on Congress's paramount objective of ensuring patent quality.

A. Section 314(d) Does Not Simply Bar Interlocutory Review Of Institution Decisions.

Section 314(d) cannot properly be understood merely to *postpone* judicial review of decisions to institute IPR until there is a final written decision. Such a reading fails to give proper effect to the provision, or to the differences between its language and the language of an analogous provision of the reexamination statute.

Congress did not need to enact § 314(d) in order to postpone judicial review of institution decisions, because such decisions would not be subject to interlocutory review in the first place. As respondent has explained, Br. at 45, under the Administrative Procedure Act, a decision merely to commence IPR would not constitute "final agency action," and thus would not be reviewable even in the absence of § 314(d). Moreover, if Congress intended only to postpone review of institution decisions, it would make no sense for § 314(d) to provide that such interim, non-final decisions are, in fact, "final." That language, by itself, would eliminate the basis for denying interlocutory review of non-final decisions. By instead providing that such decisions are "final

and nonappealable," Congress made clear that the first stage of IPR is complete, and that the decisions made in that stage are not subject to judicial review.

Moreover, reading § 314(d) to bar only interlocutory review of institution decisions fails to give effect to the important differences between the language of § 314(d) and the language of § 303(c) of the Patent Act. Under the reexamination statute, the PTO may "determine whether a substantial new question of patentability is raised," 35 U.S.C. § 303(a), and, if so, shall order reexamination of the patent, *id.* § 304. Section 303(c) provides that a "determination ... that *no* substantial question of patentability has been raised will be final and nonappealable." *Id.* § 303(c) (emphasis added). The latter provision thus bars judicial review only of a decision *not* to commence reexamination, which is why an erroneous decision to commence reexamination can be reviewed when the Board issues a final decision. *In re NTP, Inc.*, 654 F.3d 1268 (Fed. Cir. 2011).

But Congress used different language in § 314(d). It incorporated the "final and nonappealable" language of § 303(c) into § 314(d), but it applied that language to "determination[s] ... *whether* to institute," not just determinations *not* to institute. The term "whether" encompasses both positive and negative resolutions of an issue. See, *e.g.*, *Webster's Unabridged Dictionary* 2165 (2d ed. 2001) (defining "whether" as *inter alia*, "used to introduce a single alternative, the other being implied or understood"); *State ex rel. Baumruk* v. *Belt*, 964 S.W.2d 443, 447 (Mo. 1998) (explaining "the well-established rule that when the word *whether* is used to introduce an issue, *whether* encompasses both the positive and negative resolution of the issue"). Given the broader language of § 314(d)'s judicial review bar, it cannot be read to

foreclose all review of decisions not to institute, but only interlocutory review of decisions to institute. Instead, this evidence demonstrates that § 314(d) precludes judicial review of all decisions to institute, and thus overrides the "merger rule" that would otherwise permit review of such decisions in an appeal of a final written decision under § 319.[5]

Finally, the term "nonappealable" does not govern only *when* institution decisions are subject to judicial review. The IPR provisions pertaining to judicial review of final written decisions refer to "appeals" of such decisions. See 35 U.S.C. § 319 (party "dissatisfied with the final written decision ... may appeal" the decision); *id.* § 141(c) (same); *id.* § 318(b) (referring to the "time for appeal" of a final written decision). Because the right to judicial *review* of a final written decision is exercised by means of an "*appeal*," the term "nonappealable" means "non-reviewable" in this context. See, *e.g. Versata Dev. Corp.* v. *Rae*, 959 F. Supp. 2d 912, 920-21 (E.D. Va. 2013), *aff'd*, 793 F.3d 1352 (Fed. Cir. 2015).

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[5] The divergent language used in these closely related provisions also distinguishes the AIA from the statute at issue in *Lindahl* v. *OPM*, 470 U.S. 768 (1985). There, the Court ruled that a provision precluding review of OPM determinations on "questions of dependence and disability" could naturally apply only to factual determinations, and should be so read because OPM's decisions were reviewed by the Merit Systems Protection Board, whose decisions were not subject to any judicial review restrictions. *Id.* at 779. Thus, while the inferences drawn from the statutory scheme in *Lindahl* indicated that the preclusion provision was narrow, here the different language used in closely related provisions compels the conclusion that § 314(d) broadly bars review of all institution decisions.

B. Section 314(d)'s Bar Is Not Limited To Board Decisions That Find A Reasonable Likelihood That A Challenged Claim Is Unpatentable.

Nor can § 314(d) be read to bar review only of the Board's threshold determination that there is a "reasonable likelihood" that at least one of the challenged patent claims is unpatentable. 35 U.S.C. § 314(a).

A determination under § 314 is not limited to the "reasonable likelihood" determination. Under § 313, a patent owner has the right to file a response to a petition setting forth "reasons why no [IPR] should be instituted based upon the failure of the petition to meet any requirement *of this chapter*." 35 U.S.C. § 313 (emphasis added). Thus, as noted earlier, a preliminary response can include arguments that IPR should not be instituted because the petitioner is barred under the timeliness and election-of-remedies provisions of § 315. See *id.* § 315(a), (b). And the PTO had made clear that such arguments should be raised in the preliminary response. See 77 Fed. Reg. at 48764. The Board, in turn, decides whether to institute under § 314 based upon the "information presented in the petition filed under section 311 and any response filed under section 313." 35 U.S.C. § 314(a).

Thus, a decision to institute can address "any requirement of this chapter," *id.* § 313, for why IPR should not be instituted, including reasons arising under sections of the statute other than § 314. In fact, this is necessarily the case: while § 315 sets forth reasons for why IPR "may not be instituted," § 314 is the only provision that affirmatively authorizes the Board to decide whether to institute IPR. Accordingly, when it determines to institute IPR over

a § 315 objection, the Board makes that determination under § 314, and §314(d) makes a determination "under this section ... final and nonappealable." *Id.* § 314(d).

* * *

In sum, the language of § 314(d), other provisions of the IPR statute, and related provisions in the reexamination statute clearly demonstrate that Congress intended to limit review under § 319 to the Board's substantive patentability determinations, and to foreclose all judicial review, not just interlocutory review, of institution decisions. This evidence is more than sufficient to overcome the presumption of judicial review. As Apple demonstrates next, the preclusive effect of § 314(d) is consistent with the purposes of the IPR statute, and does not shield from judicial review *ultra vires* actions by the Board.

II. BARRING JUDICIAL REVIEW OF ALL INSTITUTION DECISIONS DOES NOT CAUSE UNTOWARD RESULTS AND INSTEAD FOSTERS THE PURPOSES OF *INTER PARTES* REVIEW.

Properly construed, § 314(d) does not allow the Board to ignore the statutory limits on its authority or engage in *ultra vires* conduct with impunity. To the contrary, limiting the provision's bar to interlocutory review of institution decisions would frustrate the purposes of the AIA and result in an unfair scheme of asymmetrical judicial review.

A. Barring Review Of Institution Decisions Does Not Allow The Board To Exceed The Limits Of Its Authority With Impunity.

By barring judicial review of all institution decisions, § 314(d) does not allow the Board to ignore the limits on its authority. Even when Congress intends to bar judicial review of an agency decision, this Court and others have recognized "an implicit and narrow exception" for "claims that the agency exceeded the scope of its delegated authority or violated a clear statute mandate." *Achates*, 803 F.3d at 658-59; see also *Leedom* v. *NLRB*, 358 U.S. 184 (1958) (recognizing review for *ultra vires* conduct by agency). This exception has no application here, however, because requirements such as § 312's "particularity" rule are not clear statutory limits on the Board's authority to declare patent claims unpatentable. These requirements are instead claims-processing rules that speak to the petitioner's procedural obligations, not the Board's adjudicative power.

The Court recently eschewed inquiries into whether statutory provisions are "jurisdictional" for purposes of determining the degree of deference owed to agency interpretations of such provisions. In that context, the relevant question is whether the statutory text clearly "*forecloses* the agency's assertion of authority," or "establishe[s] a *clear line*" that "the agency cannot go beyond." *City of Arlington* v. *FCC*, 133 S. Ct. 1863, 1871, 1874 (2013) (emphases added). But in the case of limits on an agency's *adjudicative* authority, the Court has recognized that some statutory limits may properly be classed as "jurisdictional." The Court has held, however, that Congress must "'clearly state[]' that the rule is

jurisdictional; absent such a clear statement, ... 'courts should treat the restriction as nonjurisdictional in character.'" *Sebelius* v. *Auburn Reg'l Med. Ctr.*, 133 S. Ct. 817, 824 (2013). Under either of these tests, § 312(a)(3)'s "particularity" requirement does not qualify as "jurisdictional," or as an unambiguous limit on the Board's authority to weed unpatentable claims from the stream of commerce.

Entitled "Requirements of Petition," § 312(a) provides that a petition "may be considered only if" various requirements are met. 35 U.S.C. § 312(a). As its title indicates, § 312(a) speaks to the *petitioner's* "procedural obligations," *EPA* v. *EME Homer City Generation, LP*, 134 S. Ct. 1584, 1602 (2014), and establishes "claim-processing rules," *Auburn Reg'l Med. Ctr.*, 133 S. Ct. at 825. A *petitioner's* noncompliance with such procedural obligations does not clearly foreclose *the Board* from exercising its adjudicative authority. Indeed, subsection (a)(3)'s "particularity" requirement is directly analogous to the "reasonable specificity" requirement that this Court deemed "non-jurisdictional" in *EME Homer*. See 134 S. Ct. at 1602-03 (requirement that "[o]nly an objection to a rule ... raised with reasonable specificity during the period for public comment ... may be raised during judicial review," 42 U.S.C. § 7607(d)(7)B), was not jurisdictional).

Other requirements of § 312 confirm that it does not limit the Board's authority. For example, subsection (a)(5) requires petitioners to provide "copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner" or its designated representative. 35 U.S.C. § 312(a)(5). It is implausible that Congress would tie the Board's adjudicative power—and its ability to ensure patent

quality—to a petitioner's compliance with this ministerial duty.

Similarly, subsection (a)(4) requires the petition to contain "such other information as the [Board] may require." *Id.* § 312(a)(4). If all of the requirements § 312(a) were truly jurisdictional, this *grant of authority* to the Board in subsection (a)(4) would incongruously increase the jurisdictional *limits* under which it operates. If, for example, a petition does not include "[t]he exhibit number of the supporting evidence relied upon to support the challenge," 37 C.F.R. § 42.104(b)(5), and this requirement is deemed "jurisdictional" because a petition "may be considered only if ... [it] provides such other information" as the Board requires, 35 U.S.C. § 312(a)(4), then such an oversight would strip the Board of its power to act. Taken to its logical conclusion, if § 312(a) renders this exhibit numbering requirement jurisdictional, a patent owner could claim at the end of a trial that, because a petitioner failed to attach to the proper numbers to its evidence, the Board must terminate the proceeding. This absurdity underscores that § 312(a) "does not speak to [the Board's] authority, but only to a [petitioner's] procedural obligations." *EME Homer*, 134 S. Ct. at 1602.[6]

This is not to say that the Board is subject to no jurisdictional limitations. As the Federal Circuit

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[6] Nor is § 315(b)'s time-bar a jurisdictional limit on the Board's authority to declare claims unpatentable. This Court's recent decisions recognize that "filing deadlines ordinarily are *not* jurisdictional," and should not be treated as such unless "Congress has 'clearly state[d]' that the rule is jurisdictional." *Auburn Reg'l Med. Ctr.*, 133 S. Ct. at 824-25 (alteration in original; emphasis added). *See Achates*, 803 F.3d at 658 (applying this principle and concluding that § 315(b) is procedural, not jurisdictional).

recognized in a closely related context, the Board's "authority to enter a 'final written decision' invalidating a patent" in CBM review—*i.e.*, the Board's jurisdiction—is limited by the requirement that the patent at issue *be* a covered business method patent. *Versata Dev. Grp., Inc.* v. *SAP Am., Inc.*, 793 F.3d 1306, 1320 (Fed. Cir. 2015). "If a particular patent is not a CBM patent, there is no proper pleading that could be filed to bring it within the [Board's] authority" to invalidate such patents. *Id.* But as Apple has demonstrated, § 312(a)(3)'s "particularity" requirement is plainly not a jurisdictional limit on the Board's power to declare claims unpatentable in IPR proceedings.

Finally, recognizing that § 312(a)(3)'s "particularity" requirement is not jurisdictional does not expose patentees to the risk that they will be deprived of property without adequate notice. A patentee can respond to the grounds for institution and present contrary evidence in its patent owner response, which it has a right to file after the proceeding has been instituted. 35 U.S.C. § 316(a)(8). Moreover, any party to the proceeding can seek leave to file additional papers after institution. See 37 C.F.R. § 42.20.

For example, in *SightSound*, after the patent owner argued that it had been deprived of a fair opportunity to respond to the obviousness grounds on which review had been instituted, the Board granted it "additional time for argument and authorized it to filesur-replies and new declaration testimony on the issue of obviousness, 'to ensure that Patent Owner has a full and fair opportunity to be heard on the issue of obviousness.'" *SightSound*, 809 F.3d at 1312 (quoting Board decision).

B. Construing Section 314(d) To Bar Only Interlocutory Review Of Institution Decisions Would Frustrate Congress's Purposes And Be Unfair To Petitioners.

Interpreting § 314(d) to bar only interlocutory review of institution decisions would create an unfair system of asymmetrical review and lead to extraordinary waste and inefficiency. These consequences confirm that such a limited reading of § 314(d) is incorrect.

Allowing review of institution decisions only after the Board's final decision on patentability would create an unfair system where the Board's decisions to institute would be reviewable but its decisions *not* to institute would be unreviewable. Under such an interpretation, a party whose petition for IPR is denied would be barred from appealing the denial, even if it was based on procedural grounds. Yet a patent owner could eventually overturn an institution decision on the same procedural grounds. For example, if the Board denied a petition because it overlooked evidence supporting a ground articulated in the petition, the petitioner could not appeal the Board's decision. Yet the patent owner could overturn the Board's decision if it relied on a ground to institute that allegedly was not articulated with sufficient particularity in the petition. Petitioners would always face the prospect of reversal of favorable institution rulings yet be unable to appeal unfavorable institution decisions.

Moreover, if any procedural defect in a petition were properly classed as jurisdictional—and, as Apple has shown, they are not—it would make no sense for Congress to authorize judicial review, but to postpone that review until the conclusion of the IPR. Such a review scheme results in a complete waste of

agency and private party resources, which are spent on matters that (according to petitioner) the Board has no authority to hear.

Indeed, two cases in which Apple has participated vividly illustrate the waste and inefficiencies that such a reading of § 314(d) would spawn. In *Achates*, the patent owner did not even "appeal the Board's substantive decisions that the challenged claims are invalid." 803 F.3d at 654. Instead, it tried to erase the Board's finding of unpatentability by challenging the Board's determination that Apple's petition was timely under § 315(b). *Id.* The Federal Circuit properly held that § 314(d) precluded this procedural challenge to the Board's ruling. *Id.* at 658-59. Had the court entertained that challenge and reversed the institution decision on timeliness grounds, the Board's *undisputed* determination that Achates' claims were unpatentable and never should have issued would have been undone.

Similarly, in *SightSound*, "while Apple's petitions did not assert obviousness explicitly, they nevertheless 'supported [such] a ground' [of unpatentability] based on their detailed explanation of the various [prior art] references" included in the petition. *SightSound*, 809 F.3d at 1312 (first alteration in original) (quoting Board's decision). The Board concluded that the patent claims were, in fact, obvious, because Apple had explained "'in detail *in its Petition[s]* how the [references] teach every limitation' of the claims, and ... the reason to combine was manifested by the references themselves." *Id.* (quoting Board decision; emphasis added; first alteration in original). The Federal Circuit upheld this obviousness determination on appeal. *Id.* at 1317-20. Yet SightSound insists that it should be free to enforce its unpatentable claims based on an

alleged violation of the parallel particularity requirement in CBM review. See SightSound Br. at 3 (claiming that "the Board's substantive conclusions ... would not have been reached but the Board's" allegedly *ultra vires* acts).

Reading § 314(d) to prohibit only interlocutory review of institution decisions would not only lead to wasteful and inefficient use of agency and private resources, it would deprive the public of the Board's patentability determinations. Under such a reading, the Board's ruling of unpatentability could be wiped out based on a particular petitioner's procedural errors, including errors as picayune as failing to properly number exhibits in a petition (35 U.S.C. § 312(a)(4) and 37 C.F.R. § 42.104(b)(5)), even though the Board could render the same ruling at the behest of another petitioner. In order for the public to benefit from that ruling, another petitioner would have to initiate a new IPR, which would take another year to complete and require the parties to re-argue, and the Board to re-hear, issues addressed in the prior ruling.

Such a scheme cannot be reconciled with Congress's clear desire to "provid[e] quick and cost effective alternatives to litigation" and "improve patent quality and restore confidence in the presumption of validity." H.R. Rep. No. 112-98, pt. 1, at 48. Congress authorized the Board to weed out "low quality and dubious" patents and "separate the inventive wheat from the chaff." 157 Cong. Rec. S131 (daily ed. Jan. 25, 2011) (Statement of Sen. Leahy). It is implausible that Congress designed the IPR process in a manner that would require the PTO to spend significant and scarce resources to determine the patentability of claims at the risk that its determination could be undone based on procedural errors at the institution stage and the entire process would have to be

undertaken again at the behest of another petitioner.[7] Indeed, the fact that Congress authorized the Board to issue a final written decision on patentability even after *the petitioner has settled*, see 35 U.S.C. § 317(a), confirms that Congress did not intend a particular petitioner's procedural defaults to provide the basis for nullifying the Board's substantive patentability rulings.

CONCLUSION

For all of the foregoing reasons, *amicus* Apple respectfully urges the Court to affirm the Federal Circuit's judgment with respect to the non-reviewability of institution decisions.

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[7] *See generally* USPTO, *Fiscal Year 2017 Congressional Justification* 61-62 (Feb. 9, 2016), http://www.uspto.gov/sites/default/files/documents/fy17pbr.pdf (describing workload and burdens on the PTO arising from AIA proceedings).